



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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Auditor of State

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NEWS RELEASE

FOR RELEASE _____ September 19, 2019

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released a report on the Iowa Department of Public Health for the year ended June 30, 2018.

The Department exercises general supervision over public health programs, promotes health and sanitation, carries out specific responsibilities required by law and administers state and federal laws related to public health and vital records. The Department also exercises administrative authority over the medical, dental, pharmacy and nursing boards.

Sand recommended the Department improve controls over cash management. The Department responded corrective action is being implemented.

A copy of the report is available for review on the Auditor of State's web site at <https://www.auditor.iowa.gov/reports/audit-reports/>.

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**REPORT OF RECOMMENDATIONS TO THE
IOWA DEPARTMENT OF PUBLIC HEALTH**

JUNE 30, 2018

Iowa Department of Public Health



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

August 23, 2019

Iowa Department of Public Health
Des Moines, Iowa

To Gerd Clabaugh, Director of the Iowa Department of Public Health:

I am pleased to submit to you the Report of Recommendations for the Iowa Department of Public Health for the year ended June 30, 2018. The report includes findings pertaining to the Department's internal control which resulted from the fiscal year 2018 audit.

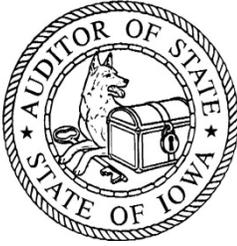
I appreciate the cooperation and courtesy extended by the officials and employees of the Iowa Department of Public Health throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Iowa Department of Public Health



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Rob Sand
Auditor of State

August 23, 2019

To Gerd Clabaugh, Director of the Iowa Department of Public Health:

The Iowa Department of Public Health is a part of the State of Iowa and, as such, has been included in our audits of the State's Comprehensive Annual Financial Report (CAFR) and the State's Single Audit Report for the year ended June 30, 2018.

In conducting our audits, we became aware of certain aspects concerning the Department's operations for which we believe corrective action is necessary. As a result, we have developed recommendations which are reported on the following pages. We believe you should be aware of these recommendations, which include those reported in the State's Single Audit Report as well as other recommendations pertaining to the Department's internal control. These recommendations have been discussed with Department personnel and their responses to these recommendations are included in this report. While we have expressed our conclusions on the Department's responses, we did not audit the Iowa Department of Public Health's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials and employees of the Iowa Department of Public Health, citizens of the State of Iowa and other parties to whom the Iowa Department of Public Health may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Department during the course of our audits. Should you have questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience. Individuals who participated in our audits of the Department are listed on page 8 and they are available to discuss these matters with you.

Marlys K. Gaston, CPA
Deputy Auditor of State

cc: Honorable Kim Reynolds, Governor
David Roederer, Director, Department of Management
Glen P. Dickinson, Director, Legislative Services Agency

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2018

Findings Reported in the State's Single Audit Report:

CFDA Number: 93.268 – Immunization Cooperative Agreements

Agency Number: NH23IP000724-05-00, NH23IP000724-05-01, NH23IP000724-05-02

Federal Award Year: 2017, 2018

Prior Year Single Audit Report Finding Number: N/A

State of Iowa Single Audit Report Comment: 2018-008

(1) Cash Management

Criteria – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received. Generally, a maximum of three days is considered an acceptable amount of time between the receipt of federal funds and the disbursement of those funds.

Condition – A review of the Department's records identified two instances where excessive cash balances were held for thirteen to forty-seven days.

Cause – Although procedures have been established to draw federal funds in amounts sufficient to cover current needs, procedures were not followed.

Effect – Failure to follow procedures resulted in Department employees not detecting the error in the normal course of performing their assigned duties.

Recommendation – The Department should implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department has reviewed the instances resulting in cash balances in excess of \$50,000. Cash management procedures involving correction documents as well as estimating payroll resulted in instances of excess cash balances during the fiscal year. Cash management procedures have been reviewed by appropriate staff to ensure compliance in the future.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2018

CFDA Number: 93.917 – HIV Care Formula Grants

**Agency Number: X07HA00005-27-00, X07HA00005-28-00, X08HA30475-01-00,
X08HA30475-02-00**

Federal Award Year: 2016, 2017, 2018

Prior Year Single Audit Report Finding Number: N/A

State of Iowa Single Audit Report Comment: 2018-010

(2) Cash Management

Criteria – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received. Generally, a maximum of three days is considered an acceptable amount of time between the receipt of federal funds and the disbursement of those funds.

Condition – A review of the Department’s records identified two instances where excessive cash balances were held for six to seven days.

Cause – Although procedures have been established to draw federal funds in amounts sufficient to cover current needs, procedures were not followed.

Effect – Failure to follow procedures resulted in Department employees not detecting the error in the normal course of performing their assigned duties.

Recommendation – The Department should implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response and Corrective Action Planned – The Department has reviewed the instances resulting in cash balances in excess of \$215,000. Cash management procedures involving expenditures claims in pending status as well as correcting documents resulted in instances of excess cash balances during the fiscal year. Cash management procedures have been reviewed by appropriate staff to ensure compliance in the future.

Conclusion – Response accepted.

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2018

Findings Reported in the State's Report on Internal Control:

No matters were noted.

Other Findings Related to Internal Control:

(1) Cash Management – Public Health Emergency Preparedness

Criteria – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received. Generally, a maximum of three days is considered an acceptable amount of time between the receipt of federal funds and the disbursement of those funds.

Condition – A review of the Department's records identified two instances where excessive cash balances were held for seven to eleven days.

Cause – Although procedures have been established to draw federal funds in amounts sufficient to cover current needs, procedures were not followed.

Effect – Failure to follow procedures resulted in Department employees not detecting the error in the normal course of performing their assigned duties.

Recommendation – The Department should implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response – The Department has reviewed the instances resulting in cash balances in excess of \$120,000. Cash management procedures involving expenditure claims in pending status resulted in instances of excess cash balances during the fiscal year. Cash management procedures have been reviewed by appropriate staff to ensure compliance in the future.

Conclusion – Response accepted.

(2) Cash Management – Maternal and Child Health Services Block Grant to the States

Criteria – Effective cash management procedures provide for minimizing the amount of time between the drawdown/request for federal funds and the disbursement of those funds. They also minimize the amount of state and other federal funds used to supplant programs until federal funds are received. Generally, a maximum of three days is considered an acceptable amount of time between the receipt of federal funds and the disbursement of those funds.

Condition – A review of the Department's records identified two instances where excessive cash balances were held for six to twenty-one days.

Cause – Although procedures have been established to draw federal funds in amounts sufficient to cover current needs, procedures were not followed.

Report of Recommendations to the
Iowa Department of Public Health

June 30, 2018

Effect – Failure to follow procedures resulted in Department employees not detecting the error in the normal course of performing their assigned duties.

Recommendation – The Department should implement procedures to ensure federal funds are drawn down in amounts sufficient to cover current needs and are disbursed in a timely manner without carrying excessive daily balances.

Response – The Department has reviewed the instances resulting in cash balances in excess of \$150,000. Cash management procedures involving concurrent multi-year programs amalgamated with multi-budget year draws and correcting documents during the hold open period and federal closeout periods resulted in excess cash balances during the fiscal year. Cash management procedures have been reviewed by appropriate staff to ensure compliance in the future.

Conclusion – Response accepted.

Finding Related to Statutory Requirements and Other Matters:

No matters were noted.

Report of Recommendations to the
Iowa Department of Public Health

Staff

Staff:

Questions or requests for further assistance should be directed to:

Marlys K. Gaston, CPA, Deputy Auditor of State
Deborah J. Moser, CPA, Manager
Anthony M. Heibult, Senior Auditor II

Other individuals who participated in the audits include:

McKenzie M. Anderson, Staff Auditor
Luke M. Bormann, CPA, Staff Auditor
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Sarah K. Nissen, Staff Auditor
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